

**ND PUBLIC EMPLOYEES RETIREMENT SYSTEM
INVESTMENT PERFORMANCE REPORT AS OF AUGUST 31, 2008**

	August-08				July-08				Current	Prior Year	3 Years	5 Years
	Market Value	Allocation	Actual	Month	Market Value	Allocation	Actual	Month	Fiscal YTD	FY08	Ended	Ended
		Policy		Net ROR		Policy		Net ROR	Net ROR	Net ROR	6/30/2008	6/30/2008
											Net ROR	Net ROR
LARGE CAP DOMESTIC EQUITY												
<i>Structured Growth</i>												
LA Capital	75,450,116	4.2%	4.2%	-0.44%	75,768,719	4.2%	4.2%	-1.18%	-1.61%	-6.96%	8.22%	N/A
Total Structured Growth	75,450,116	4.2%	4.2%	-0.44%	75,768,719	4.2%	4.2%	-1.18%	-1.61%	-6.96%	8.22%	10.32%
Russell 1000 Growth				1.08%				-1.90%	-0.84%	-5.96%	5.91%	7.32%
<i>Structured Value</i>												
LSV	68,898,792	3.9%	4.2%	1.68%	67,732,580	3.8%	4.2%	-0.19%	1.49%	-22.29%	3.56%	11.19%
Russell 1000 Value				1.70%				-0.36%	1.33%	-18.78%	3.53%	8.92%
<i>Enhanced Russell 1000 Index</i>												
LA Capital	61,929,029	3.5%	3.5%	0.64%	61,527,714	3.4%	3.5%	-1.72%	-1.09%	-10.70%	6.55%	9.03%
Russell 1000				1.38%				-1.16%	0.20%	-12.36%	4.81%	8.22%
<i>Enhanced S&P 500 Index</i>												
Northern Trust	29,079,790	1.6%	1.8%	1.69%	28,596,164	1.6%	1.8%	-0.49%	1.19%	-15.84%	3.14%	6.72%
Westridge	64,886,997	3.6%	3.9%	1.58%	63,826,796	3.6%	3.9%	-0.73%	0.85%	-12.25%	4.94%	8.02%
Wells Capital	47,361,049	2.7%	2.7%	-3.65%	49,087,225	2.7%	2.7%	-3.81%	-7.32%	-31.59%	N/A	N/A
European Credit Management	30,354,263	1.7%	1.8%	0.27%	30,258,260	1.7%	1.8%	-3.19%	-2.92%	N/A	N/A	N/A
Prudential	35,113,139	2.0%	1.9%	-0.28%	35,211,360	2.0%	1.9%	-1.17%	-1.45%	N/A	N/A	N/A
Franklin	30,460,003	1.7%	1.8%	1.48%	29,986,745	1.7%	1.8%	-0.90%	0.56%	-13.65%	N/A	N/A
Total Enhanced S&P 500 Index	237,255,240	13.3%	13.9%	0.06%	236,966,550	13.2%	13.9%	-1.76%	-1.70%	-18.66%	2.40%	6.45%
S&P 500				1.45%				-0.84%	0.59%	-13.12%	4.41%	7.58%
<i>Absolute Return Strategy</i>												
Epoch	33,327,078	1.9%	2.1%	1.26%	32,878,715	1.8%	2.1%	-2.04%	-0.81%	-6.84%	N/A	N/A
S&P 500				1.45%				-0.84%	0.59%	-13.12%		
<i>S&P 500 Index</i>												
State Street	35,678,850	2.0%	2.1%	0.31%	35,560,141	2.0%	2.1%	-1.16%	-0.85%	-18.23%	2.99%	6.70%
S&P 500				1.45%				-0.84%	0.59%	-13.12%	4.41%	7.58%
TOTAL LARGE CAP DOMESTIC EQUITY	512,539,105	28.7%	30.0%	0.36%	510,434,420	28.5%	30.0%	-1.44%	-1.08%	-16.11%	4.22%	8.17%
S&P 500				1.45%				-0.84%	0.59%	-13.12%	4.41%	7.58%
SMALL CAP DOMESTIC EQUITY												
<i>Manager-of-Managers</i>												
SEI	118,004,470	6.6%	7.2%	1.85%	116,053,457	6.5%	7.2%	1.18%	3.05%	-22.41%	1.06%	8.52%
Russell 2000 + 200bp				3.78%				3.87%	7.79%	-14.48%	5.88%	12.50%
Callan	50,488,710	2.8%	2.8%	3.13%	48,982,415	2.7%	2.8%	0.49%	3.64%	-15.44%	N/A	N/A
Russell 2000				3.61%				3.70%	7.45%	-16.19%		
TOTAL SMALL CAP DOMESTIC EQUITY	168,493,180	9.4%	10.0%	2.23%	165,035,872	9.2%	10.0%	0.97%	3.22%	-20.36%	2.11%	9.20%
Russell 2000				3.61%				3.70%	7.45%	-16.19%	3.79%	10.29%
INTERNATIONAL EQUITY												
<i>Large Cap - Core</i>												
State Street	16,910,105	0.9%	1.0%	-5.22%	17,829,958	1.0%	1.0%	-3.73%	-8.76%	-13.11%	12.40%	14.27%
MSCI EAFE (1)				-4.05%				-3.21%	-7.13%	-10.61%	12.84%	14.86%
<i>Large Cap - Active</i>												
Capital Guardian	53,262,953	3.0%	3.0%	-3.12%	54,917,521	3.1%	3.0%	-3.93%	-6.93%	-13.89%	11.58%	14.15%
LSV	51,162,132	2.9%	3.0%	-0.99%	51,661,532	2.9%	3.0%	-2.78%	-3.75%	-23.98%	8.07%	N/A
Total Large Cap - Active	104,425,085	5.9%	7.0%	-2.09%	106,579,052	5.9%	7.0%	-3.38%	-5.40%	-20.05%	9.04%	13.03%
MSCI EAFE - 50% Hedged				-1.59%				-2.64%	-4.19%	-15.14%	10.93%	14.67%
<i>Small Cap - Active</i>												
DFA	16,763,071	0.9%	1.0%	-3.22%	17,320,807	1.0%	1.0%	-0.44%	-3.65%	N/A	N/A	N/A
Wellington	16,844,614	0.9%	1.0%	-4.79%	17,672,390	1.0%	1.0%	-5.49%	-10.01%	-15.19%	9.83%	16.11%
Total Small Cap - Active	33,607,685	1.9%	2.0%	-4.01%	34,993,197	2.0%	2.0%	-3.00%	-6.89%	-15.60%	9.53%	16.89%
S&P/Citigroup BMI EPAC < \$2BN				-5.40%				-4.30%	-9.47%	-19.12%	10.36%	19.26%
TOTAL INTERNATIONAL EQUITY	154,942,876	8.7%	10.0%	-2.86%	159,402,207	8.9%	10.0%	-3.33%	-6.10%	-18.47%	9.51%	13.93%
MSCI EAFE - 50% Hedged				-1.59%				-2.64%	-4.19%	-15.14%	10.93%	14.67%
EMERGING MARKETS EQUITY												
<i>Core</i>												
JP Morgan	13,151,953	0.7%	0.9%	-5.72%	13,939,348	0.8%	0.9%	-3.11%	-8.65%	3.57%	N/A	N/A
PanAgora	12,953,863	0.7%	0.9%	-9.00%	14,224,893	0.8%	0.9%	-3.88%	-12.52%	7.21%	N/A	N/A
WestLB	13,233,054	0.7%	0.9%	-9.44%	14,642,085	0.8%	0.9%	-4.13%	-13.18%	11.12%	N/A	N/A
UBS	17,925,604	1.0%	1.0%	-6.69%	19,158,791	1.1%	1.5%	-4.18%	-10.59%	5.82%	N/A	N/A
Total Core	57,264,474	3.2%	3.5%	-7.65%	61,965,116	3.5%	4.1%	-3.87%	-11.23%	6.87%	27.76%	29.00%
MSCI Emerging Markets				-7.95%				-3.69%	-11.35%	4.89%	27.52%	22.84%
<i>Small Cap</i>												
DFA	13,699,136	0.8%	1.0%	-6.04%	14,579,736	0.8%	1.0%	-1.57%	-7.52%	-13.68%	N/A	N/A
MSCI Emerging Markets				-7.95%				-3.69%	-11.35%	4.89%		
<i>Private Equity</i>												
Capital International	6,349,191	0.4%	0.4%	0.00%	5,301,861	0.3%	0.3%	0.00%	0.00%	N/A	N/A	N/A
MSCI Emerging Markets				-7.95%				-3.69%	-11.35%			
<i>Infrastructure</i>												
JP Morgan	3,193,891	0.2%	0.2%	N/A	-	0.0%	0.0%	N/A	N/A	N/A	N/A	N/A
TOTAL EMERGING MARKETS EQUITY	80,506,693	4.5%	5.0%	-6.87%	81,846,714	4.6%	5.0%	-3.25%	-9.89%	2.99%	27.07%	28.58%
MSCI Emerging Markets				-7.95%				-3.69%	-11.35%	4.89%	27.52%	30.15%

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	Market Value	Allocation	Actual	Month	Market Value	Allocation	Actual	Month	Fiscal YTD	FY08	Ended	Ended
		Policy		Net ROR		Policy		Net ROR	Net ROR	Net ROR	6/30/2008	6/30/2008
											Net ROR	Net ROR
DOMESTIC FIXED INCOME												
Core Bond												
Western Asset	34,175,387	1.9%	1.9%	1.13%	33,947,771	1.9%	1.9%	-2.53%	-1.42%	-0.30%	1.78%	2.90%
<i>Lehman Aggregate</i>				0.95%				-0.08%	0.87%	7.12%	4.09%	3.86%
Index												
Bank of ND	54,278,077	3.0%	2.6%	0.90%	53,841,083	3.0%	2.9%	0.04%	0.93%	7.70%	3.93%	3.57%
Total Index	54,278,077	3.0%	2.6%	0.90%	53,841,083	3.0%	2.9%	0.04%	0.93%	7.70%	4.17%	3.91%
<i>Lehman Gov/Credit</i>				0.92%				0.00%	0.92%	7.24%	3.84%	3.58%
Enhanced												
Westridge	32,578,989	1.8%	1.6%	1.55%	32,113,702	1.8%	1.6%	0.92%	2.48%	N/A	N/A	N/A
<i>Lehman Aggregate</i>				0.95%				-0.08%	0.87%			
Convertibles												
Calamos (2)	36,032,737	2.0%	1.9%	0.27%	35,925,701	2.0%	1.9%	-1.31%	-1.04%	-2.86%	N/A	N/A
Total Convertibles	36,032,737	2.0%	1.9%	0.27%	35,925,701	2.0%	1.9%	-1.31%	-1.04%	-2.86%	4.55%	2.71%
<i>Merrill Lynch All Convertibles (3)</i>				-0.37%				-3.13%	-3.49%	-6.36%	5.72%	6.36%
BBB Average Quality												
Wells Capital	37,044,959	2.1%	1.9%	0.69%	43,948,260	2.5%	1.9%	-0.60%	0.09%	3.70%	3.26%	4.56%
<i>Lehman BBB</i>				0.80%				-0.67%	0.13%	2.62%	2.52%	3.44%
Senior Debt												
PIMCO	11,909,762	0.7%	0.7%	0.00%	5,960,797	0.3%	0.3%	N/A	N/A	N/A	N/A	N/A
<i>Lehman Aggregate</i>				0.95%				-0.08%	0.87%	7.12%		
Private Debt												
Prudential	35,165,076	2.0%	1.9%	0.17%	35,162,980	2.0%	1.9%	0.27%	0.43%	3.32%	3.41%	N/A
<i>Lehman Aggregate</i>				0.95%				-0.08%	0.87%	7.12%		
Timberland												
TIR - Teredo (4)	43,806,924	2.5%	2.5%	-0.05%	43,850,657	2.4%	2.4%	-0.05%	-0.09%	22.02%	15.15%	14.07%
TIR - Springbank	96,388,647	5.4%	5.4%	-0.14%	96,485,127	5.4%	5.4%	-0.14%	-0.29%	15.25%	18.41%	N/A
Total Timberland	140,195,571	7.9%	7.9%	-0.11%	140,335,784	7.8%	7.8%	-0.11%	-0.23%	17.50%	17.86%	21.14%
<i>NCREIF Timberland Index</i>				0.34%				0.34%	0.67%	19.96%	17.12%	14.70%
Infrastructure												
JP Morgan	70,006,606	3.9%	3.9%	3.18%	67,878,913	3.8%	3.8%	-0.13%	3.04%	13.28%	N/A	N/A
TOTAL DOMESTIC FIXED INCOME	451,387,163	25.3%	24.0%	0.85%	449,114,990	25.1%	24.0%	-0.32%	0.53%	9.02%	8.15%	9.65%
<i>Lehman Aggregate</i>				0.95%				-0.08%	0.87%	7.12%	4.09%	3.86%
HIGH YIELD BONDS												
Core												
Loomis Sayles	43,558,923	2.4%	1.9%	-0.91%	43,812,789	2.4%	2.0%	-1.44%	-2.34%	-1.43%	5.39%	N/A
Sutter/Wells Capital	38,512,468	2.2%	1.9%	-0.06%	38,658,320	2.2%	2.0%	-1.35%	-1.41%	-6.12%	2.58%	N/A
Total Core	82,071,391	4.6%	3.9%	-0.51%	82,471,109	4.6%	3.9%	-1.40%	-1.91%	-3.71%	4.01%	4.88%
<i>LB High Yield 2% Issuer Contstrained Index</i>				0.31%				-1.25%	-0.95%	-1.75%	4.48%	N/A
Mezzanine Debt												
Goldman Sachs 2006 Fund	2,506,850	0.1%	0.1%	0.00%	2,506,850	0.1%	0.1%	0.00%	0.00%	-3.89%	N/A	N/A
Goldman Sachs Fund V	3,629,660	0.2%	0.2%	0.00%	3,383,720	0.2%	0.2%	0.00%	0.00%	N/A	N/A	N/A
TCW	6,484,919	0.4%	0.4%	0.85%	5,988,060	0.3%	0.3%	0.00%	0.85%	7.26%	N/A	N/A
Total Mezzanine Debt	12,621,430	0.7%	0.7%	0.43%	11,878,631	0.7%	0.7%	0.00%	0.43%	0.49%	N/A	N/A
<i>LB High Yield 2% Issuer Contstrained Index</i>				0.31%				-1.25%	-0.95%	-1.75%		
Distressed Mortgages												
PIMCO	5,899,267	0.3%	0.3%	0.00%	5,899,267	0.3%	0.3%	0.00%	0.00%	N/A	N/A	N/A
Declaration Management	1,514,677	0.1%	0.1%	0.96%	1,500,289	0.1%	0.1%	0.00%	0.96%	N/A	N/A	N/A
Total Distressed Mortgages	7,413,944	0.4%	0.4%	0.19%	7,399,556	0.4%	0.4%	0.00%	0.19%	N/A	N/A	N/A
<i>LB High Yield 2% Issuer Contstrained Index</i>				0.31%				-1.25%	-0.95%			
TOTAL HIGH YIELD BONDS	102,106,764	5.7%	5.0%	-0.33%	101,749,296	5.7%	5.0%	-1.16%	-1.49%	-4.27%	3.82%	6.32%
<i>LB High Yield 2% Issuer Contstrained Index</i>				0.31%				-1.25%	-0.95%	-1.75%	4.48%	6.88%
INTERNATIONAL FIXED INCOME												
International Sovereign												
UBS Global (Brinson)	43,143,219	2.4%	2.5%	-2.68%	44,358,885	2.5%	2.5%	0.37%	-2.32%	17.24%	5.56%	6.49%
<i>Citigroup Non-US Gov't Bond Index (5)</i>				-2.80%				0.16%	-2.65%	18.73%	6.63%	7.04%
International Core												
Brandywine	45,894,156	2.6%	2.5%	-2.46%	47,151,043	2.6%	2.5%	0.85%	-1.63%	10.78%	7.06%	8.51%
<i>Lehman Global Aggregate (ex-US)</i>				-3.29%				0.27%	-3.03%	16.53%	7.88%	7.38%
TOTAL INTERNATIONAL FIXED INCOME	89,037,375	5.0%	5.0%	-2.57%	91,509,928	5.1%	5.0%	0.62%	-1.97%	13.90%	6.31%	7.50%
<i>Citigroup Non-US Gov't Bond Index (5)</i>				-2.80%				0.16%	-2.65%	18.73%	6.66%	7.06%
REAL ESTATE												
INVESCO - Core	50,914,018			-0.03%	50,914,018			-0.03%	-0.07%	8.27%	15.34%	14.88%
INVESCO - Fund II	1,110,235			0.00%	1,110,235			0.00%	0.00%	N/A	N/A	N/A
J.P. Morgan Strategic & Special Funds	48,121,109			0.06%	48,050,169			-0.22%	-0.15%	5.69%	15.27%	15.26%
J.P. Morgan Alternative Property Fund	12,921,891			-0.20%	12,921,891			-0.20%	-0.40%	4.59%	N/A	N/A
J.P. Morgan Greater China Property Fund	1,236,344			0.00%	1,236,344			0.00%	0.00%	N/A	N/A	N/A
TOTAL REAL ESTATE	114,303,596	6.4%	5.0%	-0.01%	114,232,657	6.4%	5.0%	-0.13%	-0.14%	6.31%	14.44%	14.53%
<i>NCREIF TOTAL INDEX</i>				0.19%				0.19%	0.37%	9.20%	14.82%	14.63%

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	Market Value	Actual	Policy	Net ROR	Market Value	Actual	Policy	Net ROR	Net ROR	Net ROR	6/30/2008	6/30/2008
											Net ROR	Net ROR
ALTERNATIVE INVESTMENTS												
Brinson IVCF II	5,751			0.00%	5,751			0.00%	0.00%	19.90%	24.67%	18.47%
Coral Partners II	13,582			0.00%	13,582			0.00%	0.00%	-58.58%	-24.59%	-13.12%
Coral Partners V	4,189,910			0.00%	4,185,520			0.00%	0.00%	9.09%	5.22%	-8.23%
Coral Partners V - Supplemental	489,332			0.00%	488,819			0.00%	0.00%	-6.34%	3.94%	6.41%
Coral Momentum Fund (Formerly Fund VI)	6,810,091			0.00%	7,014,857			0.00%	0.00%	13.96%	-3.63%	-7.09%
Brinson 1998 Partnership Fund	497,247			0.00%	496,726			0.00%	0.00%	6.92%	17.74%	16.40%
Brinson 1999 Partnership Fund	1,501,376			0.00%	1,499,803			0.00%	0.00%	13.32%	15.81%	14.25%
Brinson 2000 Partnership Fund	5,037,502			0.00%	5,032,225			0.00%	0.00%	21.82%	21.03%	17.78%
Brinson 2001 Partnership Fund	4,238,577			0.00%	4,234,136			0.00%	0.00%	2.23%	12.37%	9.49%
Brinson 2002 Partnership Fund	2,192,064			0.00%	2,302,550			0.00%	0.00%	3.20%	14.93%	10.72%
Brinson 2003 Partnership Fund	789,472			0.00%	788,645			0.00%	0.00%	-6.42%	16.42%	8.89%
Total Brinson Partnership Funds	14,256,238			0.00%	14,354,084			0.00%	0.00%	13.85%	17.75%	14.80%
Brinson 1999 Non-US Partnership Fund	712,567			0.00%	711,820			0.00%	0.00%	-9.78%	38.86%	33.76%
Brinson 2000 Non-US Partnership Fund	1,621,290			0.00%	1,725,923			0.00%	0.00%	27.03%	38.56%	28.82%
Brinson 2001 Non-US Partnership Fund	1,167,371			0.00%	1,166,148			0.00%	0.00%	13.44%	15.89%	14.66%
Brinson 2002 Non-US Partnership Fund	2,959,671			0.00%	2,956,570			0.00%	0.00%	14.08%	43.86%	31.81%
Brinson 2003 Non-US Partnership Fund	2,337,542			0.00%	2,530,347			0.00%	0.00%	24.92%	42.47%	23.29%
Brinson 2004 Non-US Partnership Fund	1,216,204			0.00%	1,214,930			0.00%	0.00%	29.16%	25.88%	N/A
Total Brinson Non-US Partnership Fund	10,014,644			0.00%	10,305,737			0.00%	0.00%	18.83%	37.12%	28.34%
Adams Street 2008 Non-US Partnership Fd	217,459			0.00%	190,351			0.00%	0.00%	N/A	N/A	N/A
Brinson BVCF IV	7,546,287			0.00%	7,039,988			0.00%	0.00%	-1.94%	7.62%	9.88%
Adams Street Direct Co-investment Fund	8,627,041			0.00%	7,738,279			0.00%	0.00%	4.06%	N/A	N/A
Matlin Patterson Global Opportunities	2,798,296			0.00%	3,829,421			0.00%	0.00%	-29.56%	-11.62%	9.60%
Matlin Patterson Global Opportunities II	14,550,501			0.00%	16,251,400			0.00%	0.00%	-5.55%	8.69%	N/A
Matlin Patterson Global Opportunities III	8,148,054			0.00%	8,048,246			0.00%	0.00%	-20.02%	N/A	N/A
InvestAmerica	3,657,499			0.00%	3,860,847			0.00%	0.00%	27.36%	13.22%	1.67%
Hearthstone MSII	41,756			0.00%	41,712			0.00%	0.00%	-62.01%	-100.00%	-100.00%
Hearthstone MSIII	726,672			0.00%	725,911			0.00%	0.00%	-10.75%	63.82%	N/A
Corsair III	6,822,524			0.00%	6,815,376			0.00%	0.00%	64.04%	N/A	N/A
Corsair III - ND Investors LLC	4,892,479			0.00%	4,887,353			0.00%	0.00%	N/A	N/A	N/A
Quantum Resources	116,027			0.00%	1,461,565			0.00%	0.00%	-52.44%	N/A	N/A
Quantum Energy Partners	1,438,400			0.00%	1,228,309			0.00%	0.00%	-3.17%	N/A	N/A
TOTAL ALTERNATIVE INVESTMENTS (6)	95,362,543	5.3%	5.0%	0.00%	98,487,108	5.5%	5.0%	0.00%	0.00%	4.50%	10.69%	10.42%
CASH EQUIVALENTS												
Northern Trust STIF	4,060,183			0.19%	20,880,174			0.19%	0.38%	0.70%	3.40%	2.76%
Bank of ND	10,569,077			0.16%	-			N/A	N/A	N/A	N/A	N/A
TOTAL CASH EQUIVALENTS	14,629,260	0.8%	1.0%	0.17%	20,880,175	1.2%	1.0%	0.19%	0.35%	0.70%	3.40%	2.76%
90 Day T-Bill				0.16%				0.18%	0.33%	3.63%	4.27%	3.18%
TOTAL FUND	1,783,308,555	100.0%	100.0%	-0.19%	1,792,693,365	100.0%	100.0%	-0.91%	-1.10%	-5.60%	7.94%	10.85%
POLICY TARGET BENCHMARK				0.35%				-0.39%	-0.04%	-3.69%	7.27%	9.38%

NOTE: Monthly returns and market values are preliminary and subject to change.

(1) This benchmark was changed to the MSCI EAFE (unhedged) as of December 1, 2004.

(2) TCW was terminated on September 22, 2006. The portfolio was transferred to Calamos on October 5, 2006.

(3) Prior to January 1, 2005, the benchmark was the First Boston Convertible Index.

(4) Prior to June 1, 2006, the Toredio properties were under the management of RMK.

(5) Previously this benchmark was titled Salomon Brothers Non-US Gov't Bond Index.

(6) Because of the variation in fee calculations in Alternative Investments, only net returns will be shown until June of each year when actual costs are known.